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Arizona Corporation Commission

DOCKETED

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Attorneys for Arizona Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANT AND PROPERTY,
AND FOR ADJUSTMENTS TO ITS RATES
AND CHARGES FOR UTILITY SERVICE
AND FOR CERTAIN RELATED
APPROVALS BASED THEREON

DOCKET NO. W-01445A-08-0440

**NOTICE OF TECHNICAL CORRECTION
OF RECORD**

Arizona Water Company ("Company") hereby files this Notice of Technical Correction of Record in this docket to correct an inaccuracy in the November 4, 2008 Procedural Order which stated that the "parties ultimately agreed to extend the normal time clock deadline by 60 days." Procedural Order, p. 2, lns. 3-4. The Company did not and could not agree to such an extension.

During the November 3, 2008 Procedural Conference in this docket, Staff sought a 90-day extension of the Commission's established time table and scheduling requirements, claiming "Staff does not have enough resources to process this case under the normal time-clock rules." Transcript from November 3, 2008 Procedural Conference ("11/3 TR") at 7. The Company,

1 citing its worsening financial situation, vigorously objected to Staff's request because of the
2 significant revenue loss and irreparable harm that such a delay would cause.

3
4 Ultimately, Judge Nodes opted to grant Staff a 60-day extension. *Id.* at 18. At no time,
5 however, did the Company agree to an extension. In fact, after Judge Nodes indicated he would
6 give Staff additional time, the Company expressly reiterated its objection to any delays:
7 "Obviously, we can't sit here today and say we agree to 60 days. We're still opposed to it." 11/3
8 TR at 19.

9
10 The Company gave Judge Nodes very compelling reasons why he should not delay the
11 Commission's own established time table for processing general rate cases. As explained at the
12 Procedural Conference, the Company finds itself in a deplorable financial condition. *Id.* at 4-7.
13 The chart (attached hereto as Exhibit A) further illustrates this troubling situation. The Company
14 is experiencing a rapidly worsening revenue shortfall from \$1.2 million in 2004 to the \$7.9
15 million shortfall in the 2007 Test Year, and the growing revenue shortfall for 2008 of \$11.4
16 million. Chart, Exhibit A hereto. Meanwhile, at a time when the Company identified the need
17 for \$75 million of critical utility plant infrastructure over the next few years to maintain adequate
18 and reliable water service, the Company is unable to issue any new long-term debt to fund this
19 critical infrastructure because of insufficient earnings. *See* Direct Testimony of William M.
20 Garfield at 12; 11/3 TR at 5. The Company cannot justify much, if any, additional investment in
21 utility plant, let alone the \$75 million for critical infrastructure when it is unable to issue any new
22 long-term debt.

23
24 Thus, because of the Company's financial plight and its inability to fund critical
25 infrastructure, the Company did not, does not and could not possibly agree to an extension of the
26 Commission's own established time table for processing this rate case. The Company urgently

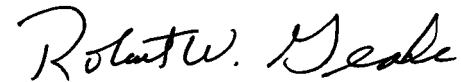
1 needs rate relief within the time frames required under the existing Commission rules for a Class
2 A utility, if not sooner. Without timely rate relief, as required by the Commission's own rules, the
3 Company's ability to ensure the continuation of adequate water utility service will be
4 compromised. *Id.* at 13.

5
6 Accordingly, the Company requests that the record in this docket accurately show that the
7 Company did not agree with an extension of the Commission's established schedule.

8
9 RESPECTFULLY SUBMITTED, this 14th day of November, 2008.

10 ARIZONA WATER COMPANY

11
12 By:



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1 An original and thirteen (13) copies of the foregoing
2 were delivered this 14th day of November, 2008 to:

3 Docketing Supervisor
4 Docket Control Division
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 A copy of the foregoing were mailed this
9 14th day of November, 2008 to:

10 Lyn Farmer
11 Chief Administrative Law Judge
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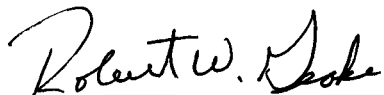


EXHIBIT A

Arizona Water Company Return on Rate Base and Revenue Shortfall 2004 - 2008

